



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2010

OF THE CONDITION AND AFFAIRS OF THE

PHYSICIANS HEALTH PLAN OF MID-MICHIGAN

NAIC Group Code 3408, 3408 NAIC Company Code 95849 Employer's ID Number 38-2356288

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as business type:

Life, Accident and Health [ ], Dental Service Corporation [ ], Health Maintenance Organization [ X ], Property/Casualty [ ], Vision Service Corporation [ ], Is HMO Federally Qualified? Yes ( ) No ( X ), Hospital, Medical and Dental Service or Indemnity [ ], Other [ ]

Incorporated/Organized December 18, 1980 Commenced Business October 1, 1981

Statutory Home Office 1400 East Michigan Avenue, Lansing, Michigan 48912 (Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1400 East Michigan Avenue, Lansing, Michigan 48912 517-364-8400 (Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1400 East Michigan Avenue, Lansing, Michigan 48912 (Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 1400 East Michigan Avenue, Lansing, Michigan 48912 (Street and Number, City or Town, State and Zip Code) 517-364-8400 (Area Code) (Telephone Number)

Internet Website Address www.phpmm.org

Statutory Statement Contact Jackie Eddy 517-364-8400 (Name) (Area Code) (Telephone Number) (Extension) jackie.eddy@phpmm.org 517-364-8407 (E-Mail Address) (Fax Number)

OFFICERS

Scott Wilkerson (President) Randolph Rifkin (Secretary) David Vis (Assistant Secretary) Patrick Gribben, Jr (Treasurer)

OTHER OFFICERS

Marylee Davis, PhD (Chair Person)

DIRECTORS OR TRUSTEES

Diana Algra# Wendell Barron Martha Bibbs Richard Bruner Marylee Davis, PhD Patrick Gribben, Jr Larry Rawsthorne, MD Randolph Rifkin Dawn Springer, MD Dennis Swan Scott Wilkerson

State of Michigan } SS County of Ingham }

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Scott Wilkerson President Randolph Rifkin Secretary David Vis Assistant Secretary

Subscribed and sworn to before me this day of a. Is this an original filing? Yes (X) No ( ) b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

ASSETS

	Current Statement Date			4  Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3 Net Admitted Assets (Col. 1 minus Col. 2)	
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	26,243,178	164,276	26,078,902	27,694,169
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	2,096,642		2,096,642	2,149,914
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ (4,023,745) ), cash equivalents (\$ ) and short-term investments (\$ 38,553,056 )	34,529,311		34,529,311	34,648,096
6. Contract loans (including \$ premium notes)				
7. Derivatives				
8. Other invested assets	6,792,184	76,424	6,715,760	6,657,461
9. Receivables for securities				4,255,045
10. Aggregate write-ins for invested assets				
11. Subtotals, cash and invested assets (Line 1 to Line 10)	69,661,315	240,700	69,420,615	75,404,685
12. Title plants less \$ charged off (for Title insurers only)				
13. Investment income due and accrued	287		287	1,233
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	728,287		728,287	1,020,732
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
14.3 Accrued retrospective premiums				
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	831,285		831,285	711,832
15.2 Funds held by or deposited with reinsured companies				
15.3 Other amounts receivable under reinsurance contracts				
16. Amounts receivable relating to uninsured plans				
17.1 Current federal and foreign income tax recoverable and interest thereon				
17.2 Net deferred tax asset				
18. Guaranty funds receivable or on deposit				
19. Electronic data processing equipment and software	6,210,244	6,165,143	45,101	79,354
20. Furniture and equipment , including health care delivery assets (\$ )	108,641	108,641		
21. Net adjustment in assets and liabilities due to foreign exchange rates				
22. Receivables from parent , subsidiaries and affiliates	2,653,012	1,062,580	1,590,432	1,350,014
23. Health care (\$ 914,143 ) and other amounts receivable	1,513,785	506,092	1,007,693	1,464,048
24. Aggregate write-ins for other than invested assets	553,691	553,691		
25. Total assets excluding Separate Accounts , Segregated Accounts and Protected Cell Accounts (Line 11 to Line 24)	82,260,547	8,636,847	73,623,700	80,031,898
26. From Separate Accounts , Segregated Accounts and Protected Cell Accounts				
27. Totals (Line 25 and Line 26)	82,260,547	8,636,847	73,623,700	80,031,898
DETAILS OF WRITE-INS				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. Totals (Line 1001 through Line 1003 plus Line 1098) (Line 10 above)				
2401. PREPAIDS	553,691	553,691		
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	553,691	553,691		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ ..... reinsurance ceded) .....	12,789,173	1,202,613	13,991,786	13,835,934
2. Accrued medical incentive pool and bonus amounts .....	3,350,215		3,350,215	5,087,426
3. Unpaid claims adjustment expenses .....	235,744		235,744	262,466
4. Aggregate health policy reserves .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserve .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....	1,695,434		1,695,434	1,638,645
9. General expenses due or accrued .....	1,974,031		1,974,031	2,596,611
10.1 Current federal and foreign income tax payable and interest thereon (including \$ .....on realized gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....	147,449		147,449	128,251
13. Remittances and items not allocated .....				
14. Borrowed money (including \$ .....current) and interest thereon \$ ..... (including \$ .....current) .....				
15. Amounts due to parent , subsidiaries and affiliates .....	975,712		975,712	1,063,388
16. Derivatives .....				
17. Payable for securities .....	16,173		16,173	4,305,671
18. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
19. Reinsurance in unauthorized companies .....				
20. Net adjustments in assets and liabilities due to foreign exchange rates .....				
21. Liability for amounts held under uninsured plans .....				
22. Aggregate write-ins for other liabilities (including \$ .....current) .....				
23. Total liabilities (Line 1 to Line 22) .....	21,183,931	1,202,613	22,386,544	28,918,392
24. Aggregate write-ins for special surplus funds .....	X X X	X X X		
25. Common capital stock .....	X X X	X X X		
26. Preferred capital stock .....	X X X	X X X		
27. Gross paid in and contributed surplus .....	X X X	X X X		
28. Surplus notes .....	X X X	X X X		
29. Aggregate write-ins for other than special surplus funds .....	X X X	X X X	933,647	
30. Unassigned funds (surplus) .....	X X X	X X X	50,303,509	51,113,506
31. Less treasury stock, at cost:				
31.1 ..... shares common (value included in Line 25 \$ ..... ) .....	X X X	X X X		
31.2 ..... shares preferred (value included in Line 26 \$ ..... ) .....	X X X	X X X		
32. Total capital and surplus (Line 24 to Line 30 minus Line 31) .....	X X X	X X X	51,237,156	51,113,506
33. Total Liabilities, capital and surplus (Line 23 and Line 32) .....	X X X	X X X	73,623,700	80,031,898
DETAILS OF WRITE-INS				
2201. ....				
2202. ....				
2203. ....				
2298. Summary of remaining write-ins for Line 22 from overflow page .....				
2299. Totals (Line 2201 through Line 2203 plus Line 2298) (Line 22 above) .....				
2401. ....	X X X	X X X		
2402. ....	X X X	X X X		
2403. ....	X X X	X X X		
2498. Summary of remaining write-ins for Line 24 from overflow page .....	X X X	X X X		
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above) .....	X X X	X X X		
2901. UNREALIZED INVESTMENT IN AFFILIATE .....	X X X	X X X	933,647	
2902. ....	X X X	X X X		
2903. ....	X X X	X X X		
2998. Summary of remaining write-ins for Line 29 from overflow page .....	X X X	X X X		
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....	X X X	X X X	933,647	

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months .....	X X X	327,027	378,363	498,975
2. Net premium income (including \$ ..... non-health premium income) .....	X X X	123,712,639	134,158,492	178,322,864
3. Change in unearned premium reserves and reserve for rate credits .....	X X X			
4. Fee-for-service (net of \$ ..... medical expenses) .....	X X X			
5. Risk revenue .....	X X X			
6. Aggregate write-ins for other health care related revenues .....	X X X			
7. Aggregate write-ins for other non-health revenues .....	X X X			
8. Total revenues (Line 2 to Line 7) .....	X X X	123,712,639	134,158,492	178,322,864
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....	6,102,735	71,002,213	69,535,191	92,669,866
10. Other professional services .....	685,220	7,972,181	7,982,131	10,405,041
11. Outside referrals .....				
12. Emergency room and out-of-area .....	872,509	10,151,195	10,077,748	13,249,022
13. Prescription drugs .....	1,897,434	22,075,680	23,871,618	32,331,025
14. Aggregate write-ins for other hospital and medical .....	11,236	130,723	571,379	809,444
15. Incentive pool, withhold adjustments and bonus amounts .....		3,180,327	7,221,190	8,621,087
16. Subtotal (Line 9 to Line 15) .....	9,569,134	114,512,319	119,259,257	158,085,485
<b>Less:</b>				
17. Net reinsurance recoveries .....		2,072,451	1,383,662	1,403,647
18. Total hospital and medical (Line 16 minus Line 17) .....	9,569,134	112,439,868	117,875,595	156,681,838
19. Non-health claims (net) .....				
20. Claims adjustment expenses, including \$ ..... 1,758,167 cost containment expenses .....		2,585,540	3,033,346	3,989,944
21. General administrative expenses .....		7,397,239	8,678,415	11,415,246
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....				
23. Total underwriting deductions (Line 18 through Line 22) .....	9,569,134	122,422,647	129,587,356	172,087,028
24. Net underwriting gain or (loss) (Line 8 minus Line 23) .....	X X X	1,289,992	4,571,136	6,235,836
25. Net investment income earned .....		76,926	227,845	326,195
26. Net realized capital gains (losses) less capital gains tax of \$ .....		94,262	(604,006)	(604,005)
27. Net investment gains (losses) (Line 25 plus Line 26) .....		171,188	(376,161)	(277,810)
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....				
29. Aggregate write-ins for other income or expenses .....		93,279		334
30. Net income or (loss) after capital gains tax and before all other federal income taxes ..... (Line 24 plus Line 27 plus Line 28 plus Line 29) .....	X X X	1,554,459	4,194,975	5,958,360
31. Federal and foreign income taxes incurred .....	X X X			
32. Net income (loss) (Line 30 minus Line 31) .....	X X X	1,554,459	4,194,975	5,958,360
<b>DETAILS OF WRITE-INS</b>				
0601. ....	X X X			
0602. ....	X X X			
0603. ....	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X			
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....	X X X			
0701. ....	X X X			
0702. ....	X X X			
0703. ....	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X			
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above) .....	X X X			
1401. OTHER MEDICAL .....	11,236	130,723	571,379	809,444
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....				
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....	11,236	130,723	571,379	809,444
2901. OTHER INCOME .....		93,279		334
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....				
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....		93,279		334

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
33. Capital and surplus prior reporting year .....	51,113,506	33,150,628	33,150,628
34. Net income (loss) from Line 32 .....	1,554,459	4,194,975	5,958,360
35. Change in valuation basis of aggregate policy and claims reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....	(2,591,728)	2,735,011	2,879,444
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....			
39. Change in nonadmitted assets .....	227,272	8,119,639	9,125,074
40. Change in unauthorized reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....			
43. Cumulative effect of changes in accounting principles .....			
44. Capital Changes:			
44.1 Paid in .....			
44.2 Transferred from surplus (Stock Dividend) .....			
44.3 Transferred to surplus .....			
45. Surplus adjustments:			
45.1 Paid in .....			
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Tranferred from capital .....			
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....	933,647		
48. Net change in capital and surplus (Line 34 to Line 47) .....	123,650	15,049,625	17,962,878
49. Capital and surplus end of reporting period (Line 33 plus Line 48) .....	51,237,156	48,200,253	51,113,506
DETAILS OF WRITE-INS			
4701. UNREALIZED INVESTMENT IN AFFILIATE .....	933,647		
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....	933,647		

CASH FLOW

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	124,061,873	133,468,664	179,294,061
2. Net investment income	77,872	269,607	369,002
3. Miscellaneous income	(92,293)	135,865	139,908
4. Total (Line 1 through Line 3)	124,047,452	133,874,136	179,802,971
5. Benefit and loss related payments	113,626,959	123,325,795	166,428,527
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	10,538,802	10,732,888	13,684,766
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)			
10. Total (Line 5 through Line9)	124,165,761	134,058,683	180,113,293
11. Net cash from operations (Line 4 minus Line 10)	(118,309)	(184,547)	(310,322)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds			
12.2 Stocks	935,891	8,857,974	53,877,322
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			(664,790)
12.6 Net gains or (losses) on cash, cash equivalants and short-term investments			
12.7 Miscellaneous proceeds			50,626
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	935,891	8,857,974	53,263,158
13. Cost of investments acquired (long-term only):			
13.1 Bonds			
13.2 Stocks	976,797	7,936,527	64,845,631
13.3 Mortgage loans			
13.4 Real estate	26,788	61,980	114,800
13.5 Other invested assets			
13.6 Miscellaneous applications	888,039	2,135,279	507,306
13.7 Total investments acquired (Line 13.1 through Line 13.6)	1,891,624	10,133,786	65,467,737
14. Net increase or (decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(955,733)	(1,275,812)	(12,204,579)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	955,257	3,806,605	5,515,317
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	955,257	3,806,605	5,515,317
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(118,785)	2,346,246	(6,999,584)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	34,648,096	41,647,680	41,647,680
19.2 End of period (Line 18 plus Line 19.1)	34,529,311	43,993,926	34,648,096

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001			
20.0002			
20.0003			
20.0004			
20.0005			
20.0006			
20.0007			
20.0008			
20.0009			
20.0010			

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital and Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year .....	40,048	214	38,915				919			
2. First Quarter .....	36,718	197	35,851				670			
3. Second Quarter .....	36,172	192	35,312				668			
4. Third Quarter .....	35,614	187	34,775				652			
5. Current Year .....										
6. Current Year Member Months .....	327,027	1,746	319,121				6,160			
Total Member Ambulatory Encounters for Period:										
7. Physician .....	185,190	1,235	179,521				4,434			
8. Non-Physician .....	92,474	539	89,909				2,026			
9. Total .....	277,664	1,774	269,430				6,460			
10. Hospital Patient Days Incurred .....	5,909	39	5,759				111			
11. Number of Inpatient Admissions .....	2,061	16	1,997				48			
12. Health Premiums Written (a) .....	125,253,015	642,212	121,710,651				2,900,152			
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....										
15. Health Premiums Earned .....	125,253,015	642,212	121,710,651				2,900,152			
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....	113,363,402	581,250	110,011,979				2,770,173			
18. Amount Incurred for Provision of Health Care Services .....	114,512,319	587,141	110,936,796				2,988,382			

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0299999 - Aggregate accounts not individually listed-uncovered .....	26,936	891				27,827
0399999 - Aggregate accounts not individually listed-covered .....	286,447	9,471				295,918
0499999 - Subtotals .....	313,383	10,362				323,745
0599999 - Unreported claims and other claim reserves .....						13,668,041
0799999 - Total claims unpaid .....						13,991,786
0899999 - Accrued medical incentive pool and bonus amounts .....						3,350,215



UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 plus 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid December 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	5,812,742	103,009,365	(116,164)	14,107,950	5,696,578	13,835,394
2. Medicare Supplement .....						
3. Dental only .....						
4. Vision only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....						
7. Title XIX - Medicaid .....						
8. Other health .....						
9. Health subtotal (Line 1 to Line 8) .....	5,812,742	103,009,365	(116,164)	14,107,950	5,696,578	13,835,394
10. Healthcare recievables (a) .....	10,421	1,166,085			10,421	1,833,792
11. Other non-health .....						
12. Medical incentive pools and bonus amounts .....	4,541,295		395,566	2,954,648	4,936,861	5,087,426
13. Totals .....	10,343,616	101,843,280	279,402	17,062,598	10,623,018	17,089,028

(a) Excludes \$ .....loans or advances to providers not yet expensed.

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTES TO FINANCIAL STATEMENTS**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

No significant change.

#### **2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS**

No significant change.

#### **3. BUSINESS COMBINATIONS AND GOODWILL**

No significant change.

#### **4. DISCONTINUED OPERATIONS**

No significant change.

#### **5. INVESTMENTS**

No significant change.

#### **6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

No significant change.

#### **7. INVESTMENT INCOME**

No significant change.

#### **8. DERIVATIVE INSTRUMENTS**

No significant change.

#### **9. INCOME TAXES**

No significant change.

## **NOTES TO FINANCIAL STATEMENTS**

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### **10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES**

No significant change.

### **11. DEBT**

No significant change.

### **12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS**

No significant change.

### **13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS**

No significant change.

### **14. CONTINGENCIES**

No significant change.

### **15. LEASES**

No significant change.

### **16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

No significant change.

## **NOTES TO FINANCIAL STATEMENTS**

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**17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND  
EXTINGUISHMENTS OF LIABILITIES**

No significant change.

**18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS  
AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**

No significant change.

**19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL  
AGENTS / THIRD PARTY ADMINISTRATORS**

No significant change.

**20. OTHER ITEMS**

No significant change.

**21. EVENTS SUBSEQUENT**

No significant change.

**22. REINSURANCE**

No significant change.

**23. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO  
REDETERMINATION**

No significant change.

**24. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES**

No significant change.

**25. INTERCOMPANY POOLING ARRANGEMENTS**

No significant change.

**NOTES TO FINANCIAL STATEMENTS**

---

26. STRUCTURED SETTLEMENTS

No significant change.

27. HEALTH CARE RECEIVABLES

No significant change.

28. PARTICIPATING POLICIES

No significant change.

29. PREMIUM DEFICIENCY RESERVES

No significant change.

30. ANTICIPATED SALVAGE AND SUBROGATION

No significant change.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ( ) No (X)
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ( ) No ( )
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ( ) No (X)
- 2.2

If yes, date of change:

.....
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ( ) No (X)
- If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ( ) No (X)
- 4.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ( ) No (X) N/A ( )
- If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2008
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/08/2010
- 6.4

By what department or departments?

MICHIGAN OFFICE OF FINANCIAL & INSURANCE REGULATION
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes (X) No ( ) N/A ( )
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes (X) No ( ) N/A ( )
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ( ) No (X)
- 7.2

If yes, give full information

.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ( ) No (X)
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ( ) No (X)
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....

GENERAL INTERROGATORIES (continued)

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.

Yes (X) No ( )
- 9.11

If the response to 9.1 is No, please explain:  
  
.....  
.....
- 9.2

Has the code of ethics for senior managers been amended?

Yes ( ) No (X)
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s) .  
  
.....  
.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ( ) No (X)
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s) .  
  
.....  
.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes (X) No ( )
- 10.2

If yes, indicate the amounts receivable from parent included in the Page 2 amount:

\$ ..... 1,945

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ( ) No (X)
- 11.2

If yes, give full and complete information relating thereto:  
  
.....  
.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ .....
13.

Amount of real estate and mortgages held in short-term investments:

\$ .....
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes (X) No ( )
- 14.2

If yes, please complete the following:
- |   | 1<br>Prior Year-End Book/<br>Adjusted Carrying Value | 2<br>Current Quarter Book/<br>Adjusted Carrying Value |
|---|--|---|
| 14.21 Bonds .....   | \$ .....   | \$ .....  |
| 14.22 Preferred Stock .....   | \$ .....   | \$ .....  |
| 14.23 Common Stock .....  | \$ ..... 9,191,247                                   | \$ ..... 6,715,785                                    |
| 14.24 Short-Term Investments .....  | \$ .....   | \$ .....  |
| 14.25 Mortgage Loans on Real Estate .....   | \$ .....   | \$ .....  |
| 14.26 All Other .....   | \$ ..... 6,597,288                                   | \$ ..... 6,715,760                                    |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26) ..... | \$ ..... 15,788,535                                  | \$ ..... 13,431,545                                   |
| 14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above .....                       | \$ .....   | \$ .....  |
- 15.1

Has the reporting entity entered into any hedging transactions reported on schedule DB?

Yes ( ) No (X)
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
  
If no, attach a description with this statement.

Yes ( ) No ( )

GENERAL INTERROGATORIES (continued)

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ( )

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
BNY MELLON .....	ONE MELLON CENTER, PTTSBURGH, PA 15258-0001 .....
.....	.....
.....	.....
.....	.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes ( ) No (X)

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
N/A .....	SEI .....	1 FREEDOM DRIVE, OAKS, PA 19456 .....
.....	.....	.....
.....	.....	.....
.....	.....	.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes (X) No ( )

17.2 If no, list exceptions:

.....  
.....



**GENERAL INTERROGATORIES (continued)**  
PART 2 - HEALTH

1.

Operating Percentages:
- 1.1

A&H loss percent

..... 92.8 %
- 1.2

A&H cost containment percent

..... 1.4 %
- 1.3

A&H expense percent excluding cost containment expenses

..... 6.6 %
- 2.1

Do you act as a custodian for health savings accounts?

Yes ( ) No (X)
- 2.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$ .....
- 2.3

Do you act as an administrator for health savings accounts?

Yes ( ) No (X)
- 2.4

If yes, please provide the balance of the funds administered as of the reporting date.

\$ .....

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4  Name of Reinsurer	5  Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
0199998 - Life and Annuity - Affiliates .....						
0299998 - Life and Annuity - Non-Affiliates .....						
0399998 - Accident and Health - Affiliates .....						
Accident and Health - Non-Affiliates						
39845 .....	48-0921045 .....	01/01/2010 .....	WESTPORT INSURANCE CORPORATION .....	OVERLAND PARK, KS 66201 .....	SSL/A/I .....	Yes .....
0499998 - Accident and Health - Non-Affiliates .....						
0599998 - Property/Casualty - Affiliates .....						
0699998 - Property/Casualty - Non-Affiliates .....						

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

		1	Direct Business Only Year to Date							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Column 2 Through Column 7	Deposit-Type Contracts
1.	Alabama .....	AL N								
2.	Alaska .....	AK N								
3.	Arizona .....	AZ N								
4.	Arkansas .....	AR N								
5.	California .....	CA N								
6.	Colorado .....	CO N								
7.	Connecticut .....	CT N								
8.	Delaware .....	DE N								
9.	District of Columbia .....	DC N								
10.	Florida .....	FL N								
11.	Georgia .....	GA N								
12.	Hawaii .....	HI N								
13.	Idaho .....	ID N								
14.	Illinois .....	IL N								
15.	Indiana .....	IN N								
16.	Iowa .....	IA N								
17.	Kansas .....	KS N								
18.	Kentucky .....	KY N								
19.	Louisiana .....	LA N								
20.	Maine .....	ME N								
21.	Maryland .....	MD N								
22.	Massachusetts .....	MA N								
23.	Michigan .....	MI L	122,352,863			2,900,152			125,253,015	
24.	Minnesota .....	MN N								
25.	Mississippi .....	MS N								
26.	Missouri .....	MO N								
27.	Montana .....	MT N								
28.	Nebraska .....	NE N								
29.	Nevada .....	NV N								
30.	New Hampshire .....	NH N								
31.	New Jersey .....	NJ N								
32.	New Mexico .....	NM N								
33.	New York .....	NY N								
34.	North Carolina .....	NC N								
35.	North Dakota .....	ND N								
36.	Ohio .....	OH N								
37.	Oklahoma .....	OK N								
38.	Oregon .....	OR N								
39.	Pennsylvania .....	PA N								
40.	Rhode Island .....	RI N								
41.	South Carolina .....	SC N								
42.	South Dakota .....	SD N								
43.	Tennessee .....	TN N								
44.	Texas .....	TX N								
45.	Utah .....	UT N								
46.	Vermont .....	VT N								
47.	Virginia .....	VA N								
48.	Washington .....	WA N								
49.	West Virginia .....	WV N								
50.	Wisconsin .....	WI N								
51.	Wyoming .....	WY N								
52.	American Samoa .....	AS N								
53.	Guam .....	GU N								
54.	Puerto Rico .....	PR N								
55.	U.S. Virgin Islands .....	VI N								
56.	Northern Mariana Islands .....	MP N								
57.	Canada .....	CN N								
58.	Aggregate Other Alien .....	OT X X X								
59.	Subtotal .....	X X X	122,352,863			2,900,152			125,253,015	
60.	Reporting entity contributions for Employee Benefit Plans .....	X X X								
61.	Total (Direct Business) .....	(a) .... 1	122,352,863			2,900,152			125,253,015	
DETAILS OF WRITE-INS										
5801.	.....									
5802.	.....									
5803.	.....									
5898.	Summary of remaining write-ins for Line 58 from overflow page .....									
5899.	Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above) .....									

(a) Insert the number of "L" responses except for Canada and Other Alien.

Active Status Codes (Column 1):  
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG  
(R) Registered - Non-domiciled RRGs  
(Q) Qualified - Qualified or Accredited Reinsurer  
(E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state  
(N) None of the above - Not allowed to write business in the state

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	FEI Number	Name of Company
1	3408 SPARROW HEALTH SYSTEM		MI	38-6091657	SPARROW WOMEN'S HOSPITAL ASSOCIATION
2	3408 SPARROW HEALTH SYSTEM		MI	38-1490180	CARSON CITY HOSPITAL
3	3408 SPARROW HEALTH SYSTEM		MI	38-3218134	IONIA COUNTY MEMORIAL HOSPITAL
4	3408 SPARROW HEALTH SYSTEM		MI	38-1358172	CLINTON MEMORIAL HOSPITAL
5	3408 SPARROW HEALTH SYSTEM		MI	38-6100687	SPARROW FOUNDATION
6	3408 SPARROW HEALTH SYSTEM		MI	38-2594856	PHYSICIANS HEALTH NETWORK
7	3408 SPARROW HEALTH SYSTEM		MI	38-2543305	SPARROW HOME CARE
8	3408 SPARROW HEALTH SYSTEM		MI	14-1885340	SPARROW SPECIALTY HOSPITAL
9	3408 SPARROW HEALTH SYSTEM		MI	38-1360584	E.W. SPARROW HOSPITAL ASSOCIATION
10	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI	38-2852340	MID-MICHIGAN MRI, INC
11	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI	38-3146604	SPARROW PHYSICIANS HEALTH NETWORK
12	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI	38-1969044	GRADUATE MEDICAL EDUCATION, INC
13	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI		PREMIER
14	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI		CAYMICH INSURANCE COMPANY, LTD
15	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI		FINCOR HOLDINGS, INC
16	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI		NORTH GRAND RIVER COOPERATIVE
17	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI	38-2566150	LANSING MEDICAL DENTAL BUILDING
18	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI	38-2635630	MEDICAL CENTER WEST CONDO ASSOCIATION
19	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI	38-2608097	PHARMACY PLUS
20	3408 E.W. SPARROW HOSPITAL ASSOCIATION		MI		SPARROW MEDICAL GROUP
21	3408 SPARROW HEALTH SYSTEM	95849	MI	38-2356288	PHYSICIANS HEALTH PLAN OF MID-MICHIGAN
22	3408 PHYSICIANS HEALTH PLAN OF MID-MICHIGAN		MI	38-3361367	PHYSICIANS HEALTH PLAN SHARED SVCS ORG
23	3408 PHYSICIANS HEALTH PLAN OF MID-MICHIGAN		MI	38-3344741	PHPMM TPA
24	3408 PHYSICIANS HEALTH PLAN OF MID-MICHIGAN	11537	MI	36-4497604	PHPMM FAMILYCARE
25	3408 PHYSICIANS HEALTH PLAN OF MID-MICHIGAN	12916	MI	20-5565219	PHPMM INSURANCE COMPANY
26	3408 SPARROW HEALTH SYSTEM		MI	38-2595963	SPARROW DEVELOPMENT, INC
27	3408 SPARROW DEVELOPMENT, INC		MI		ST LAWRENCE OR MANAGEMENT COMPANY, LLC
28	3408 SPARROW DEVELOPMENT, INC		MI		MICHIGAN ATHLETIC CLUB
29	3408 SPARROW DEVELOPMENT, INC		MI		SPARROW PRACTICE MANAGEMENT COMPANY
30	3408 SPARROW DEVELOPMENT, INC		MI	38-3243561	SPARROW REGIONAL MEDICAL SUPPLY

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing . However , in the event that your company does not transact the type of business for which the special report must be filed , your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below . If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATIONS and provide an explanation following the interrogatory questions .

	RESPONSE
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	YES

EXPLANATIONS:

.....

BAR CODE:

Document Identifier 365:

SCHEDULE A - VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	2, 149, 914	2, 127, 818
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition	26, 788	114, 800
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation	80, 060	92, 704
9. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 plus Line 6 minus Line 7 plus Line 8)	2, 096, 642	2, 149, 914
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	2, 096, 642	2, 149, 914

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after a		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mort		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Total Valuation Allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	6, 853, 721	7, 518, 510
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(61, 537)	(664, 789)
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)	6, 792, 184	6, 853, 721
12. Deduct total nonadmitted amounts	76, 424	196, 260
13. Statement value at end of current period (Line 11 minus Line 12)	6, 715, 760	6, 657, 461

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	27, 704, 556	13, 239, 293
2. Cost of bonds and stocks acquired	976, 797	64, 845, 631
3. Accrual of discount		
4. Unrealized valuation increase (decrease)	(1, 596, 545)	5, 433, 923
5. Total gain (loss) on disposals	94, 262	(604, 005)
6. Deduct consideration for bonds and stocks disposed of	935, 891	53, 924, 923
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		1, 285, 363
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9)	26, 243, 179	27, 704, 556
11. Deduct total nonadmitted amounts	164, 276	10, 386
12. Statement value at end of current period (Line 10 minus Line 11)	26, 078, 903	27, 694, 170

SCHEDULE D - PART 1B

Showing the Acquisitions , Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a) .....	34,793,587	29,888,990	26,129,521		39,743,965	34,793,587	38,553,056	39,956,343
2. Class 2 (a) .....								
3. Class 3 (a) .....								
4. Class 4 (a) .....								
5. Class 5 (a) .....								
6. Class 6 (a) .....								
7. Total Bonds .....	34,793,587	29,888,990	26,129,521		39,743,965	34,793,587	38,553,056	39,956,343
PREFERRED STOCK								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock .....								
15. Total Bonds and Preferred Stock .....	34,793,587	29,888,990	26,129,521		39,743,965	34,793,587	38,553,056	39,956,343

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:  
NAIC 1 \$ .....; NAIC 2 \$ .....; NAIC 3 \$ .....; NAIC 4 \$ .....; NAIC 5 \$ .....; NAIC 6 \$ .....

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999 Totals .....	38,553,056	X X X	38,553,056	78,144	.....

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book / adjusted carrying value, December 31 of prior year .....	39,956,343	45,719,155
2. Cost of short-term investments acquired .....	87,254,471	242,053,229
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		
6. Deduct consideration received on disposals .....	88,657,758	247,816,041
7. Deduct amortization of premium .....		
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....	38,553,056	39,956,343
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	38,553,056	39,956,343



**Page SI04**

Schedule DB , Part A , Verification  
**NONE**

Schedule DB , Part B , Verification  
**NONE**

**Page SI05**

Schedule DB , Pt. C , Section 1 , Replicated (Synthetic Assets) Open  
**NONE**

**Page SI06**

Sch DB , Pt C , Sn 2 , Replication (Syn Assets) Transactions Open  
**NONE**

**Page SI07**

Schedule DB , Verification  
**NONE**

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of cash equivalents acquired .....		
3. Accrual of discount .....		
4. Unrealized valuation incr		
5. Total gain (loss) on dispo		
6. Deduct consideration rec		
7. Deduct amortization of pi		
8. Total foreign exchange cl		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....		
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....		

NONE

**Page E01**

Sch. A, Pt. 2, Real Estate Acquired  
**NONE**

Sch. A, Pt. 3, Real Estate Disposed  
**NONE**

**Page E02**

Schedule B, Part 2, Mortgage Loans Acquired  
**NONE**

Schedule B, Part 3, Mortgage Loans Disposed  
**NONE**

**Page E03**

Sch. BA, Pt. 2, Other Long-Term Invested Assets Acquired  
**NONE**

Sch. BA, Pt. 3, Other Long-Term Invested Assets Disposed  
**NONE**

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Common Stocks - Mutual Funds									
783980-77-4	SEI INSTITUTIONAL INVESTMENT TRUST WORL		07/27/2010	NON-BROKER TRADE, BO	16,900.000	164,095			
783980-81-6	SEI INSTITUTIONAL INVESTMENT TRUST SMAL		07/27/2010	NON-BROKER TRADE, BO	15,680.000	168,992			
783980-82-4	SEI INSTITUTIONAL INVESTMENT TRUST LARG		07/27/2010	NON-BROKER TRADE, BO	71,506.000	643,711			
9299999	Subtotal - Common Stocks - Mutual Funds					976,798			
9799997	Subtotal - Common Stocks - Part 3					976,798			
9799999	Subtotal - Common Stocks					976,798			
9899999	Subtotal - Preferred and Common Stocks					976,798			
9999999	TOTALS					976,798			

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold , Redeemed or Otherwise Disposed of  
by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book / Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identifi- cation	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amort- ization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B. / A. C. V. (11+12-13)	Total Foreign Exchange Change in B. / A. C. V.	Book / Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designa- tion or Market Indi- cator (a)
Common Stocks - Mutual Funds																					
783980-77-4	SEI INSTITUTIONAL INVESTMENT TRUST WO		08/03/2010	NON-BROKER TRADE, BO	16,900.000	168,489		157,504	167,813	(10,309)			(10,309)		157,504		10,985	10,985			L
783980-81-6	SEI INSTITUTIONAL INVESTMENT TRUST SM		08/03/2010	NON-BROKER TRADE, BO	15,466.000	162,548		138,267	155,279	(17,013)			(17,013)		138,267		24,282	24,282	1,537		L
783980-82-4	SEI INSTITUTIONAL INVESTMENT TRUST LA		08/03/2010	NON-BROKER TRADE, BO	66,541.000	604,854		546,963	594,876	(47,909)			(47,909)		546,963		58,995	58,995			L
9299999	- Subtotal - Common Stocks - Mutual Funds					935,891		842,734	917,968	(75,231)			(75,231)		842,734		94,262	94,262	1,537		
9799997	- Subtotal - Common Stocks - Part 4						935,891	842,734	917,968	(75,231)			(75,231)		842,734		94,262	94,262	1,537		
9799999	- Subtotal - Common Stocks						935,891	842,734	917,968	(75,231)			(75,231)		842,734		94,262	94,262	1,537		
9899999	- Subtotal - Preferred and Common Stocks						935,891	842,734	917,968	(75,231)			(75,231)		842,734		94,262	94,262	1,537		
9999999	- TOTALS						935,891	842,734	917,968	(75,231)			(75,231)		842,734		94,262	94,262	1,537		

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues

**Page E06**

Schedule DB, Part A, Section 1

**NONE**

Financial or Economic Impact of the Hedge

**NONE**

**Page E07**

Schedule DB, Part B, Section 1

**NONE**

Schedule DB, Part B, Section 1, Broker Name

**NONE**

Schedule DB, Part B, Financial or Economic Impact of the Hedge

**NONE**

**Page E08**

Schedule DB, Part D

**NONE**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	*
Name	Location and Supplemental Information					First Month	Second Month	Third Month	
Open Depositories									
COMERICA BANK	LANSING, MICHIGAN					(3,651,527)	(3,823,035)	(4,023,745)	
0199999 - TOTAL - Open Depositories						(3,651,527)	(3,823,035)	(4,023,745)	
0399999 - TOTAL Cash on Deposit						(3,651,527)	(3,823,035)	(4,023,745)	
0599999 - TOTALS						(3,651,527)	(3,823,035)	(4,023,745)	

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due and Accrued	Amount Received During Year

NONE





SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2010 OF THE PHYSICIANS HEALTH PLAN OF MID-MICHIGAN

MEDICARE PART D COVERAGE SUPPLEMENT  
(Net of Reinsurance)

NAIC Group Code: 3408      NAIC Company Code: 95849

	1	2	3	4	5
	Individual Coverage		Group Coverage		Total Cash
	Insured	Uninsured	Insured	Uninsured	
1. Premiums Collected .....	<div>NONE</div>				XXX
2. Earned Premiums .....					XXX
3. Claims Paid .....					XXX
4. Claims Incurred .....					XXX
5. Reinsurance Coverage and Low Income (					
Claims Paid Net of Reimbursements App					
6. Aggregate Policy Reserves - Change ...					XXX
7. Expenses Paid .....					XXX
8. Expenses Incurred .....					XXX
9. Underwriting Gain or Loss .....					XXX
10. Cash Flow Result .....	XXX	XXX	XXX	XXX	
(a) Uninsured Receivable/Payable with CMS at End of Quarter:      \$ ..... due from CMS or      \$ ..... due to CMS					